

**EXHIBIT 26**

# HIGHLAND CAPITAL MANAGEMENT

OCTOBER 2023

## **US Healthcare Growth Equity Opportunity**

**[CONFIDENTIAL DRAFT]**

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HCMLPDT003104

# HCM HEALTHCARE GROWTH EQUITY INVESTMENT STRATEGY

[DRAFT]

- HCM's healthcare growth equity strategy is focused on investing in attractive secular growth opportunities while mitigating downside risk through robust diligence and transaction structural protections:

**1) Focus on later-stage opportunities with proven commercial traction**

- Target companies with existing products and commercial revenue seeking capital to accelerate growth (geographic expansion, sales force, product pipeline)
- Avoid "clinical trial risk" of early-stage biotech companies that lack existing approved/commercialized products

**2) Robust diligence process focused on underwriting revenue and cash flow forecasts**

- Deep healthcare market expertise across industry sub-sectors to identify companies at inflection point in attractive commercial growth opportunities
- Leverages Highland's well-proven credit/distressed investment process to diligence business growth plans and underwrite cash flow forecasts

**3) Mitigate downside risk through investment valuation and transaction structure**

- Conservative "credit underwriting" approach to financial forecasting and valuation
- Structure transaction with downside protection (liquidation preference, anti-dilution protection, conversion features, warrants)
- Active partnership with management to mitigate operational risks (board representation, consent rights, tranches of investment availability)

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## WHY A HEALTHCARE FOCUS?

[DRAFT]

|   |   |
|---|---|
| <b>US Healthcare Investment Rationale</b> | <ul style="list-style-type: none"><li>▪ Healthcare is one of the largest sectors of the US economy, representing \$4.3 trillion of total spending or 18% of GDP in 2021; growth in US healthcare spending has outpaced GDP and is projected to grow at a 5.3% CAGR to \$6.8 trillion by 2030<sup>1</sup></li><li>▪ Growth is driven by aging population demographics; the American 65-and-older population is projected to nearly double in size to approximately 25% of the total population by 2060<sup>1</sup>; with rising life expectancy, the number of people 85 years and older is expected to nearly triple to 19 million by 2060<sup>1</sup>; annual per capita healthcare spending is 2.4x higher for persons age 65-84 and 4.6x higher for persons age 85+ compared to adults &lt;65 years old<sup>2</sup></li><li>▪ S&amp;P Healthcare Index has consistently grown earnings over the past 20 years regardless of political and economic changes</li><li>▪ Healthcare is a non-cyclical sector with historically low market correlations</li></ul> |
| <b>Evolving Landscape</b>                 | <ul style="list-style-type: none"><li>▪ Healthcare is a highly regulated sector with rapidly advancing technologies, where policy and company-specific fundamentals play a critical role in determining winners and losers</li><li>▪ The Affordable Care Act (“ACA”) introduced the most significant changes to the healthcare system in nearly 50 years, expanding health insurance coverage to &gt;20M Americans, reducing the uninsured rate from &gt;18% in 2010 to 8% in 2021<sup>3</sup>, and strengthening standards for the level of care that must be covered; these changes continue to transform the US healthcare market</li><li>▪ The Covid-19 pandemic triggered and accelerated significant changes in delivery of care and adoption of new technologies</li></ul>   |
| <b>Highland Investment Philosophy</b>     | <ul style="list-style-type: none"><li>▪ Participate in the long-term secular growth opportunity of the US healthcare market</li><li>▪ Overlay a differentiated policy framework with bottom-up, fundamental investment strategy</li><li>▪ Leverage deep sector expertise to understand impact of policy and technology changes</li></ul>  |
| <b>Highland Advantage</b>                 | <ul style="list-style-type: none"><li>▪ Highland is recognized as a global leader in healthcare, with a long history of managing healthcare investments spanning public and private equity and credit</li><li>▪ Foresight to predict and react to new policies and technologies that will affect change in the healthcare system and create investment opportunities</li><li>▪ Strong industry relationships to source, diligence, execute and realize investment opportunities in most attractive segments of healthcare market</li></ul>  |

1. Source: U.S. Census Bureau, “Demographic Turning Points for the United States: Population Projections for 2020 to 2060, revised February 2020.

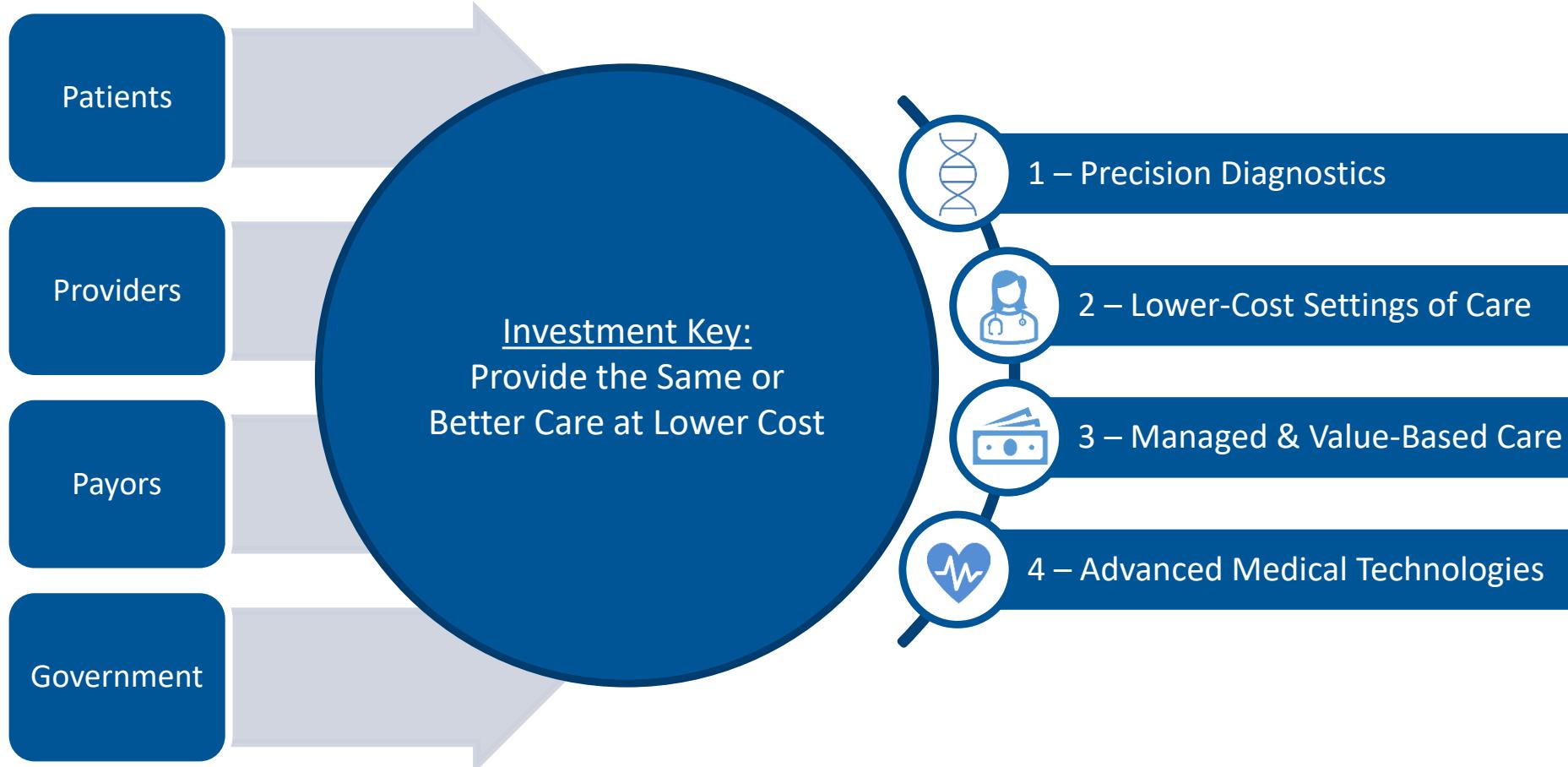
2. Source: CMS, Office of the Actuary, National Health Statistics Group. Latest age cohort data available for 2014, last updated 12/15/2021

3. Source: US Census Bureau, Health Insurance Coverage in the United States: 2021; National Health Interview Survey data.

## HCM TARGETED HEALTHCARE INVESTMENT THEMES

[DRAFT]

- HCM's targeted investment themes align the interests of key stakeholders in the US healthcare system: **provide the same or better care at lower cost**



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## CURRENT MARKET ENVIRONMENT FAVORS HEALTHCARE SECULAR GROWTH INVESTMENTS [DRAFT]

- With the US financial market dislocation in 2022-2023, healthcare multiples have re-set back below “post-ACA” long-term average levels; current environment is attractive for renewed investment in high-growth healthcare sub-sectors that benefit from compounding long-term secular growth trends
- Illustrative scenarios below reflect 3-year returns on \$30M investment in high-growth healthcare company with 25-35% revenue growth and FCF break-even at current medtech/life sciences market multiple (4x revenue), assuming no change in current market multiple at exit (Base), decline in multiple to post-financial crisis trough level (2x revenue) at exit (Downside), and increase in multiple back to 2021 levels (8x revenue) at exit (Upside)
- Base and Upside cases illustrate the significant upside opportunity provided by investing in high-growth healthcare companies if market multiples remain at current levels or expand back to peak 2021 levels
- Downside case illustrates the protection offered by strong compounding revenue growth, which can more than offset a potential decline in market multiples from current “post-ACA” average level back to the post-financial crisis trough level
- HCM’s robust diligence process leverages our deep healthcare market expertise across industry sub-sectors and strong credit investment capabilities to identify companies at an inflection point in attractive commercial growth opportunities and conservatively underwrite revenue and cash flow forecasts
- Further protect downside through conservative approach to private market valuations, transaction structural provisions and actively partnering with management to grow the business and mitigate operational risks

|                           |                  | Downside Case |        |        |        | Base Case |        |        |         | Upside Case |         |         |         |
|---------------------------|------------------|---------------|--------|--------|--------|-----------|--------|--------|---------|-------------|---------|---------|---------|
|                           |                  | Year 0        | Year 1 | Year 2 | Year 3 | Year 0    | Year 1 | Year 2 | Year 3  | Year 0      | Year 1  | Year 2  | Year 3  |
| 25% Annual Revenue Growth | Revenue          | \$100         | \$125  | \$156  | \$195  | \$100     | \$125  | \$156  | \$195   | \$100       | \$125   | \$156   | \$195   |
|                           | % Growth         | 25%           | 25%    | 25%    | 25%    | 25%       | 25%    | 25%    | 25%     | 25%         | 25%     | 25%     | 25%     |
|                           | Multiple         | 4.0x          | 2.0x   | 2.0x   | 2.0x   | 4.0x      | 4.0x   | 4.0x   | 4.0x    | 4.0x        | 8.0x    | 8.0x    | 8.0x    |
|                           | Enterprise Value | \$400         | \$250  | \$313  | \$391  | \$400     | \$500  | \$625  | \$781   | \$400       | \$1,000 | \$1,250 | \$1,563 |
|                           | Net Cash         | \$30          | \$30   | \$30   | \$30   | \$30      | \$30   | \$30   | \$30    | \$30        | \$30    | \$30    | \$30    |
|                           | Equity Value     | \$430         | \$280  | \$343  | \$421  | \$430     | \$530  | \$655  | \$811   | \$430       | \$1,030 | \$1,280 | \$1,593 |
|                           | Investment Value | \$30          | \$20   | \$24   | \$29   | \$30      | \$37   | \$46   | \$57    | \$30        | \$72    | \$89    | \$111   |
|                           | Ownership %      | 7%            | 7%     | 7%     | 7%     | 7%        | 7%     | 7%     | 7%      | 7%          | 7%      | 7%      | 7%      |
|                           | MOIC             |               | 0.7x   | 0.8x   | 1.0x   |           | 1.2x   | 1.5x   | 1.9x    |             | 2.4x    | 3.0x    | 3.7x    |
|                           | IRR              |               | -35%   | -11%   | -1%    |           | 23%    | 23%    | 24%     |             | 140%    | 73%     | 55%     |
| 35% Annual Revenue Growth | Revenue          | \$100         | \$135  | \$182  | \$246  | \$100     | \$135  | \$182  | \$246   | \$100       | \$135   | \$182   | \$246   |
|                           | % Growth         | 35%           | 35%    | 35%    | 35%    | 35%       | 35%    | 35%    | 35%     | 35%         | 35%     | 35%     | 35%     |
|                           | Multiple         | 4.0x          | 2.0x   | 2.0x   | 2.0x   | 4.0x      | 4.0x   | 4.0x   | 4.0x    | 4.0x        | 8.0x    | 8.0x    | 8.0x    |
|                           | Enterprise Value | \$400         | \$270  | \$365  | \$492  | \$400     | \$540  | \$729  | \$984   | \$400       | \$1,080 | \$1,458 | \$1,968 |
|                           | Net Cash         | \$30          | \$30   | \$30   | \$30   | \$30      | \$30   | \$30   | \$30    | \$30        | \$30    | \$30    | \$30    |
|                           | Equity Value     | \$430         | \$300  | \$395  | \$522  | \$430     | \$570  | \$759  | \$1,014 | \$430       | \$1,110 | \$1,488 | \$1,998 |
|                           | Investment Value | \$30          | \$21   | \$28   | \$36   | \$30      | \$40   | \$53   | \$71    | \$30        | \$77    | \$104   | \$139   |
|                           | Ownership %      | 7%            | 7%     | 7%     | 7%     | 7%        | 7%     | 7%     | 7%      | 7%          | 7%      | 7%      | 7%      |
|                           | MOIC             |               | 0.7x   | 0.9x   | 1.2x   |           | 1.3x   | 1.8x   | 2.4x    |             | 2.6x    | 3.5x    | 4.6x    |
|                           | IRR              |               | -30%   | -4%    | 7%     |           | 33%    | 33%    | 33%     |             | 158%    | 86%     | 67%     |

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4

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## HCM CASE STUDY: CASTLE BIOSCIENCES CROSS-OVER & IPO INVESTMENT

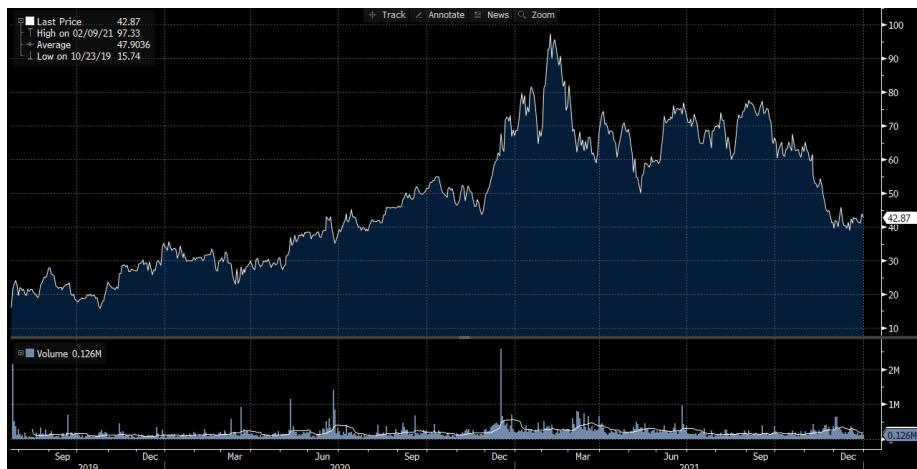
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- Castle Biosciences is the market leader in dermatologic cancer diagnostics; has expanded into additional targeted gene expression profiling markets
- DecisionDx-UM uses proprietary 15-gene expression profile to determine risk of metastatic or recurrent disease for patients with uveal melanoma
  - Launched in 2009, DecisionDx-UM has become U.S. standard of care for uveal melanoma; 80% market penetration of \$6.5M TAM (1,700 patients)
- DecisionDx-CM uses proprietary 31-gene expression profile to determine risk of metastatic or recurrent disease for patients with cutaneous melanoma
  - Used to screen melanoma patients for SLNB, avoiding unnecessary >\$20,000 surgery with no therapeutic benefit and high (11%) complication rate
  - Significantly larger \$540M TAM (130,000 patients) in early stages of commercialization (<15% initial market penetration)
  - ADLT status in 2019 increased CMS rate from \$3,800/test to \$7,200/test; **revenue uplift was not incorporated into IPO financial forecasts**
- In 2020, launched DecisionDX-SCC and DiffDX-Melanoma tests for squamous cell carcinoma and suspicious pigmented lesions, increasing dermatology TAM to \$2B
- In December 2021, acquired Cernostics for \$31M, expanding into \$1B esophageal cancer diagnostics market with CMS-reimbursed TissueCypher test
- In April 2022, acquired AltheaDx for \$65M, expanding into \$5B mental health pharmacogenomics market with CMS-reimbursed IDGenetix test

### HCM Investment Highlights

- HCM was sole investor in \$20M pre-IPO cross-over financing:
  - Initial \$10M convertible note with 4-year maturity, 8% PIK interest and 30% warrant coverage (\$0.001 strike); automatically converted into common shares upon IPO at \$200M valuation cap
  - Second \$10M investment in IPO; would have funded new private preferred round if IPO not completed within 12 months of cross-over convertible note
- On 7/24/19 CSTL completed \$65M IPO at \$16 per share
- Between 2019 and 2021 HCM sold >900k shares at average price of \$40/share for \$37M of proceeds; still holds small position in CSTL
- CSTL has consistently beat analyst forecasts due to better-than-expected volume growth and reimbursement, while expanding TAM to drive future growth

### CSTL Stock Price Performance (7/24/19 – 12/31/21)



### CSTL Financial Performance (IPO Forecast vs. Actual)

| IPO Forecast   | FY17A  | FY18A  | FY19E  | FY20E  | FY21E  | 3-Yr CAGR |
|----------------|--------|--------|--------|--------|--------|-----------|
| Revenue (\$M)  | \$14   | \$23   | \$36   | \$48   | \$60   | 38.5%     |
| % Growth       | NA     | 65.7%  | 58.1%  | 33.5%  | 25.7%  |           |
| Gross Profit   | \$9    | \$17   | \$29   | \$39   | \$50   | 41.8%     |
| % Margin       | 64.2%  | 76.8%  | 79.7%  | 81.1%  | 82.4%  |           |
| EBITDA         | (\$10) | (\$3)  | (\$11) | (\$17) | (\$7)  | NM        |
| % Margin       | -76.2% | -14.1% | -31.8% | -35.0% | -10.9% |           |
| Actual Results | FY17A  | FY18A  | FY19A  | FY20A  | FY21A  |           |
| Revenue        | \$14   | \$23   | \$52   | \$63   | \$94   | 60.4%     |
| % Growth       | NA     | 65.7%  | 127.6% | 20.8%  | 50.2%  |           |
| Gross Profit   | \$9    | \$17   | \$45   | \$53   | \$78   | 64.8%     |
| % Margin       | 64.2%  | 76.8%  | 85.9%  | 84.5%  | 83.2%  |           |
| EBITDA         | (\$10) | (\$3)  | \$9    | \$2    | (\$15) | NM        |
| % Margin       | -76.2% | -14.1% | 17.2%  | 3.6%   | -15.9% |           |

Sources: SEC filings, SVBLeerink Initiation Coverage Research

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# HCM CASE STUDY: CARIS LIFE SCIENCES GROWTH EQUITY FINANCING

[DRAFT]

- Caris Life Sciences is a leading provider of comprehensive tumor molecular profiling information to guide clinical treatment decisions for advanced-stage cancer patients and accelerate precision oncology drug research
- CarisMI tumor tissue profiling platform utilizes multiple diagnostic technologies, including NGS sequencing and protein immunohistochemistry analysis, to help oncologists identify clinically-relevant tumor biomarkers that can be treated with targeted therapies
  - CarisMI provides the broadest coverage of clinically-actionable biomarkers through 22,000 gene full exome (DNA) and full transcriptome (RNA) sequencing coverage, while providing industry-leading turnaround time
  - CarisMI has been ordered by >6,700 oncologists for >525,000 patients; Precision Oncology Alliance consists of 88 leading cancer centers that have partnered with Caris to improve patient care and promote research trials
  - CMS reimbursement of \$3,368/test under existing LCD coverage decision; rate will increase to \$8,455/test upon FDA approval targeted in FY24
  - Large \$5B tumor profiling market is still in early stages of penetration; only 15% of 1.6M late-stage cancer patients in the US currently receive a comprehensive genomic profile; market growth accelerating due to FDA approvals of new targeted therapies
  - Caris has compiled a database of matched outcomes data for >417,000 cases; leverages AI algorithms to identify new clinically-actionable tumor biomarkers for both clinical and biopharma drug development applications
  - Preparing to launch liquid biopsy-based tests for comprehensive tumor profiling and minimal residual disease (MRD) monitoring, strengthening competitive position and expanding addressable market opportunity by >\$10 billion
    - Liquid profiling test enables full exome and transcriptome sequencing using blood instead of tissue; expands presence in existing \$5B profiling market
    - MRD measures cancer cells in a patient after treatment, providing tool to evaluate treatment response and identify early signals of recurrence; \$10B market opportunity for 1.6M late-stage cancer patients receiving series of 4 tests annually with \$1,500/test reimbursement

## CarisMI Tumor Profiling Platform Overview



DNA  
Next-Generation Sequencing  
(Mutations, Indels &  
Copy Number Alterations)



RNA  
Whole Transcriptome Sequencing  
(Fusions & Variant Transcripts)



Protein  
Immunohistochemistry

### Next-Generation Sequencing

DNA  
- Illumina NovaSeq System -

~22,000 full gene coverage  
(Whole Exome)

- ✓ 720 clinically-relevant genes @ 500x
- ✓ Point mutations, indels, and copy number alterations
- ✓ ~250,000 exonic/intronic/intergenic SNPs – Loh, HRD, gene loss or amplification
- ✓ Genomic signatures: TMB, MSI

### Next-Generation Sequencing

RNA  
- Illumina NovaSeq System -

~22,000 full gene coverage  
(Whole Transcriptome)

- ✓ 60 million read count
- ✓ Gene fusions and variant transcripts
- ✓ Novel translocation detection independent of intronic breakpoint

### Immunohistochemistry

Protein  
- Ventana & Dako IHC -

Up to 12 Clinically Relevant IHCs  
(Optimized across 25 Tumor Types)

- ✓ Multiple FDA approved CDX PD-L1 tests for different disease types (per label)
- ✓ Controls on every IHC
- ✓ 4 µm cuts to preserve tissue

## HCM Investment Highlights

- HCM was lead investor in \$235M Series C redeemable convertible preferred equity financing completed in August 2020; invested \$50M and organized a syndicate of other high-quality investors including Coatue , T. Rowe Price, Sixth Street, Orbimed, Millennium Management and Neuberger Berman
  - Structural protections include liquidation preference, redemption rights, consent rights and anti-dilution protection
  - HCM serves as Series C representative on Caris Board of Directors
- In May 2021, Caris completed an \$830M Series D preferred equity financing at a \$7B pre-money valuation
  - Represents significant step-up from the Series C valuation
  - HCM invested \$17M alongside all other existing investors and new investors including Fidelity, Silver Lake, CPPIB and Columbia Threadneedle
- Caris has achieved strong revenue growth since Series C investment with approximately 30% revenue CAGR from FY19-FY22

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## US HEALTHCARE IPO MARKET OVERVIEW

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7

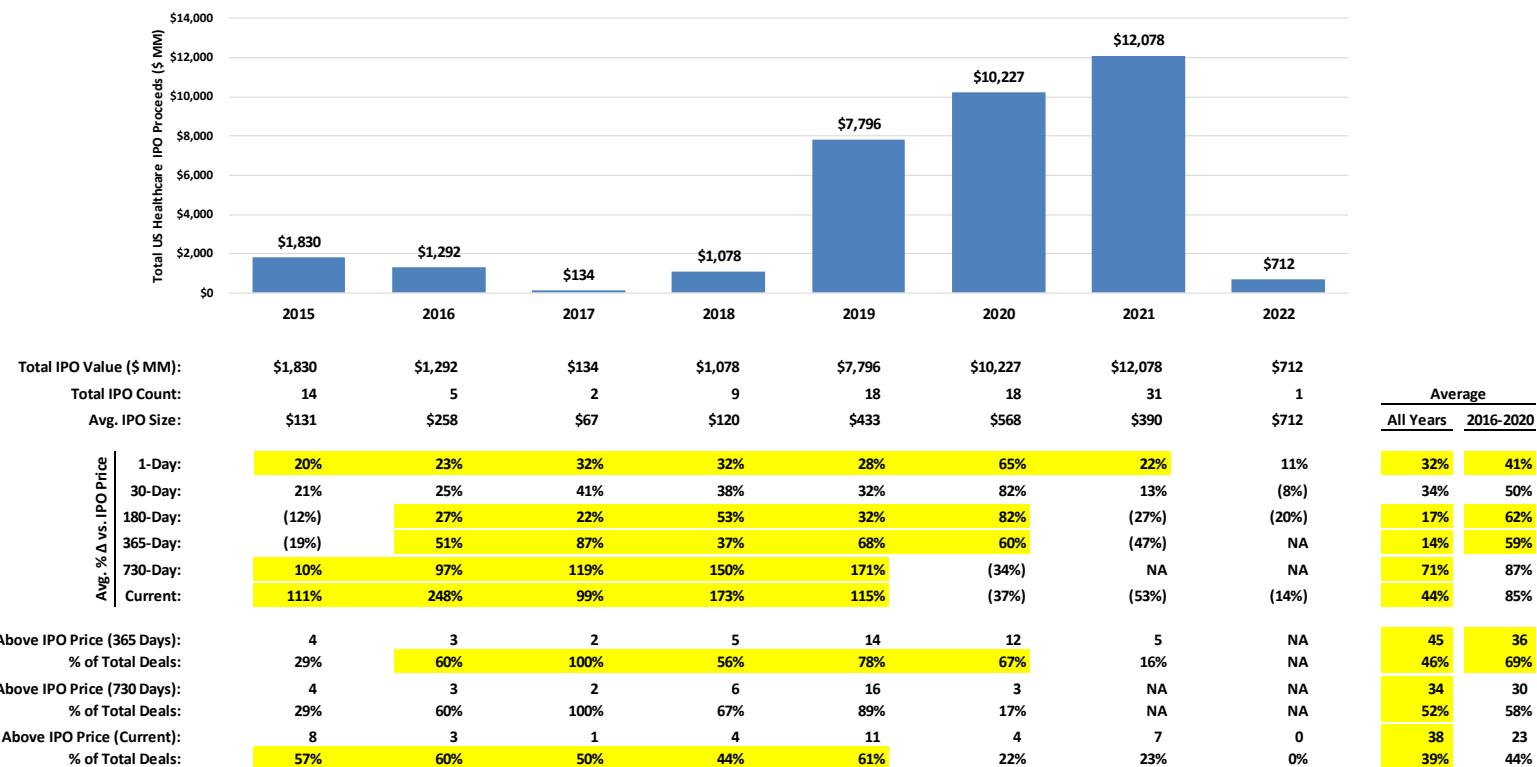


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## US HEALTHCARE IPO MARKET PERFORMANCE SUMMARY (2015-2022)

[DRAFT]

- Since 2015, there have been 98 US healthcare IPOs raising >\$35B of proceeds<sup>1</sup>, including the 2019-2021 bull market cycle with 67 deals raising >\$30B of proceeds
- Overall, healthcare IPO performance since 2015 has been strong, generating average post-offering returns of +32% (1-day), +17% (180-days) and +14% (365-days); these returns are negatively impacted by two market downturns in 2016 and 2022; excluding IPOs in 2015 and 2021/2, returns are even stronger with average post-offering price appreciation of +41% (1-day), +62% (180-day) and +59% (365-day) for deals completed between 2016 and 2020
- US Healthcare IPO performance has been consistent across years, with offerings generating >20% 1-day returns in every year from 2015-2021, generating >20% returns 180-days post-offering in every year except 2015 and 2021/2, and generating >35% returns 365-days post-offering in every year except 2015 and 2021
- US Healthcare IPO performance has also been consistent across deals, with 45 of the 98 IPOs (46% of total) trading above the IPO price 1-year post-offering and 36 of the 52 total IPOs (69% of total) completed between 2016-2020 trading above the IPO price 1-year post-offering; on a longer-term basis, 34 of the 66 IPOs (52% of total) completed prior to 2021 were trading above the IPO price 2-years post-offering (+71% avg. 2-year return across all IPO deals)
- Despite recent US financial market weakness, 38 of the 98 IPOs (39% of total) completed since 2015 are still trading above their offering price (as of 12/31/22) with average price appreciation across all 98 deals of +44% vs. the IPO price; excluding recent deals completed late in the bull market cycle, 27 of the 48 IPOs (56% of total) completed from 2015 to 2019 are currently trading above their offering price with >100% average price appreciation across all deals in each year



1. Represents US healthcare IPOs raising >\$50M of proceeds, excluding biotech and therapeutics offerings. Source: Bloomberg, SEC filings.

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# US HEALTHCARE IPO MARKET PERFORMANCE DRIVERS (2015-2022)

[DRAFT]

- As of 12/31/22, healthcare IPOs completed since 2015 that are currently trading above the initial offer price generally have three consistent characteristics:

## 1) Conservative Initial IPO Valuation Multiple (EV / FY+2E Revenue)

- Across all years, IPO multiple for deals that have generated positive returns is 45% lower than multiple for deals that have generated negative returns
- IPO multiple for deals that have generated positive returns is at least 35% lower than multiple for negative return deals in every year except 2018

## 2) Conservative Initial IPO 3-Year Revenue Forecast

- Across all years, average 3-year revenue forecast CAGR for positive return IPOs is 63% (35% excluding 2018) compared to 75% for negative return IPOs
- IPO 3-year revenue forecast CAGR for positive return deals is >16% lower than forecast CAGR for negative return deals in every year except 2018 and 2019

## 3) Outperformed Initial Revenue Forecast

- Positive return IPOs have outperformed the initial 3-year revenue forecast by +11% on average, with consistent outperformance across years
- Negative return IPOs have missed the initial 3-year revenue forecast by -25% on average, with at least -15% underperformance in every year except 2017

|  | All US Healthcare IPOs (>\$50M Gross Proceeds, Excluding Biotech and Therapeutics) |         |       |         |         |          |          |         |
|--|--|---------|-------|---------|---------|----------|----------|---------|
|  | 2015   | 2016    | 2017  | 2018    | 2019    | 2020     | 2021     | 2022    |
| Total IPO Count:                                   | 14   | 5       | 2     | 9       | 18      | 18       | 31       | 1       |
| Total IPO Value (\$ MM):                           | \$1,830  | \$1,292 | \$134 | \$1,078 | \$7,796 | \$10,227 | \$12,078 | \$712   |
| Avg. IPO Size:                                     | \$131  | \$258   | \$67  | \$120   | \$433   | \$568    | \$390    | \$712   |
| Avg. 1-Year Return:                                | (19%)  | 51%     | 87%   | 37%     | 68%     | 60%      | (47%)    | NA      |
| Avg. Current Return:                               | 111%   | 248%    | 99%   | 173%    | 115%    | (37%)    | (53%)    | (14%)   |
| Avg. IPO Multiple (EV/FY+2E Rev):                  | 6.45x  | 5.65x   | 5.22x | 6.38x   | 5.09x   | 8.69x    | 11.90x   | 2.19x   |
| Avg. Pre-IPO Revenue (FYOA):                       | \$124  | \$557   | \$27  | \$24    | \$552   | \$366    | \$299    | \$3,765 |
| Avg. IPO 3-Year Rev CAGR Forecast:                 | 88%  | 32%     | 31%   | 161%    | 50%     | 64%      | 51%      | 2%      |
| Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> : | 66%  | 27%     | 36%   | 136%    | 45%     | 55%      | 40%      | 2%      |
| Rev CAGR Over/(Under) Performance:                 | (22%)  | (5%)    | 5%    | (25%)   | (5%)    | (9%)     | (12%)    | (0%)    |
|  | US Healthcare IPOs Trading Above IPO Offer Price as of 12/31/22                    |         |       |         |         |          |          |         |
| # Trading Above IPO Price (Current):               | 8  | 3       | 1     | 4       | 11      | 4        | 7        | 0       |
| % of Total Deals:                                  | 57%  | 60%     | 50%   | 44%     | 61%     | 22%      | 23%      | 0%      |
| Total IPO Value (\$ MM):                           | \$1,277  | \$1,027 | \$60  | \$616   | \$5,335 | \$2,701  | \$3,521  | \$0     |
| Avg. IPO Size (\$ MM):                             | \$160  | \$342   | \$60  | \$154   | \$485   | \$675    | \$503    | NM      |
| Avg. 1-Year Return:                                | 4%   | 103%    | 146%  | 143%    | 88%     | 213%     | 5%       | NM      |
| Avg. Current Return:                               | 250%   | 447%    | 206%  | 476%    | 229%    | 83%      | 25%      | NM      |
| Avg. IPO Multiple (EV/FY+2E Rev):                  | 4.87x  | 3.00x   | 2.72x | 6.48x   | 4.12x   | 4.09x    | 7.84x    | NM      |
| Avg. Pre-IPO Revenue (FYOA):                       | \$199  | \$710   | \$37  | \$22    | \$835   | \$1,142  | \$430    | NM      |
| Avg. IPO 3-Year Rev CAGR Forecast:                 | 43%  | 22%     | 20%   | 234%    | 50%     | 35%      | 39%      | NM      |
| Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> : | 44%  | 33%     | 25%   | 274%    | 56%     | 52%      | 38%      | NM      |
| Rev CAGR Over/(Under) Performance:                 | 1%   | 11%     | 5%    | 40%     | 6%      | 17%      | (1%)     | NM      |
|  | US Healthcare IPOs Trading Below IPO Offer Price as of 12/31/22                    |         |       |         |         |          |          |         |
| # Trading Below IPO Price (Current):               | 6  | 2       | 1     | 5       | 7       | 14       | 24       | 1       |
| % of Total Deals:                                  | 43%  | 40%     | 50%   | 56%     | 39%     | 78%      | 77%      | 100%    |
| Total IPO Value (\$ MM):                           | \$553  | \$265   | \$74  | \$462   | \$2,461 | \$7,526  | \$8,557  | \$712   |
| Avg. IPO Size (\$ MM):                             | \$92   | \$132   | \$74  | \$92    | \$352   | \$538    | \$357    | \$712   |
| Avg. 1-Year Return:                                | -49%   | -26%    | 28%   | -48%    | 36%     | 16%      | -62%     | NM      |
| Avg. Current Return:                               | -75%   | -51%    | -8%   | -70%    | -63%    | -72%     | -76%     | -14%    |
| Avg. IPO Multiple (EV/FY+2E Rev):                  | 8.56x  | 9.62x   | 7.72x | 6.32x   | 6.62x   | 10.11x   | 13.08x   | 2.19x   |
| Avg. Pre-IPO Revenue (FYOA):                       | \$23   | \$329   | \$18  | \$26    | \$106   | \$144    | \$261    | \$3,765 |
| Avg. IPO 3-Year Rev CAGR Forecast:                 | 147%   | 47%     | 42%   | 102%    | 49%     | 73%      | 55%      | 2%      |
| Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> : | 96%  | 19%     | 48%   | 26%     | 29%     | 55%      | 40%      | 2%      |
| Rev CAGR Over/(Under) Performance:                 | (52%)  | (28%)   | 6%    | (76%)   | (20%)   | (17%)    | (15%)    | (0%)    |

1. Actual 3-year revenue CAGR for IPOs that have reported three years of financial results. Current 3-year post-IPO revenue CAGR based on Bloomberg consensus estimates for IPOs that have not reported three years of financial results.

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# HCM HEALTHCARE GROWTH EQUITY INVESTMENT STRATEGY

[DRAFT]

- HCM's healthcare growth equity strategy is tailored to identify pre-IPO opportunities that consistently generate strong returns:

- 1) Focus on later-stage opportunities with proven commercial traction**

- Target companies with existing products and commercial revenue seeking capital to accelerate growth (geographic expansion, sales force, product pipeline)
  - Avoid "clinical trial risk" of early-stage biotech companies that lack existing approved/commercialized products

- 2) Robust diligence process focused on underwriting revenue and cash flow forecasts**

- Deep healthcare market expertise across industry sub-sectors to identify companies at inflection point in attractive commercial growth opportunities
  - Leverages Highland's well-proven credit/distressed investment process to diligence business growth plans and underwrite cash flow forecasts

- 3) Mitigate downside risk through investment valuation and transaction structure**

- Conservative "credit underwriting" approach to financial forecasting and valuation
  - Structure transaction with downside protection (liquidation preference, anti-dilution protection, conversion features, warrants)
  - Active partnership with management to mitigate operational risks (board representation, consent rights, tranches availability)

## DISCLAIMER

[DRAFT]

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11



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